

**BEFORE THE DEPARTMENT OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

IN THE MATTER OF:

**THE FARMERS UNION MUTUAL FIRE INSURANCE
COMPANY OF BRADLEY COUNTY**

)
) **No.: 05-009**
)
)

ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVES

Pursuant to Tenn. Code Ann. §§ 56-22-101, *et seq.* and 56-1-401, *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance (hereinafter referred to as the "Division") has examined certain affairs of The Farmers Union Mutual Fire Insurance Company of Bradley County (hereinafter also referred to as the "Company"), a county mutual fire insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of the 31st day of December, 2003, the examiner-in-charge filed with the Division, on the 23rd day of November, 2004, a verified, written report on examination, and a copy of that report has been sent to The Farmers Union Mutual Fire Insurance Company of Bradley County. (The Report of Examination of The Farmers Union Mutual Fire Insurance Company of Bradley County is attached hereto and marked as Exhibit A). The Division received written rebuttal to said examination report from the company on December 9, 2004. (A true and exact copy of the company's written rebuttal is attached hereto and marked as Exhibit B).

Pursuant to Tenn. Code Ann. § 56-22-132, said examination report regarding the affairs of The Farmers Union Mutual Fire Insurance Company of Bradley County, filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 23rd day of November, 2004, is hereby **ADOPTED** as filed with the following **DIRECTIVES:**

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Dept. Of Commerce & Insurance
Company Examinations

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Dept. Of Commerce & Insurance
Financial Services & Policy Section

1. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-3-112 by holding the deposit of securities it may own in a clearing corporation, in Euroclear or in a federal reserve bank under book-entry system.
2. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-3-112 Tenn. Comp. R. & Regs., ch. 0780-1-46-.04 (1999), by maintaining a custodial agreement that complies with said rule, should the Company choose an authorized method of holding its securities that requires such an agreement.

The company shall comply with the directives contained in this order within thirty (30) days of its entry.

The adoption of this examination report shall not preclude the Department from imposing sanctions against The Farmers Union Mutual Fire Insurance Company of Bradley County for potential violations of the Tennessee Insurance Law which may be revealed in the examination report, it being the intent of this Order Adopting Examination Report With Directives merely to adopt the examination report filed by the examiner-in-charge.

It is so **ORDERED**.

ENTERED this the 31st day of January, 2005.

Paula A. Flowers

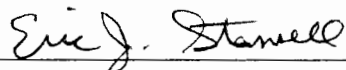
Paula A. Flowers, Commissioner
Department of Commerce and Insurance
State of Tennessee

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Dept. Of Commerce & Insurance
Company Examinations

PREPARED FOR ENTRY:



Eric J. Stansell (BPR# 021707)

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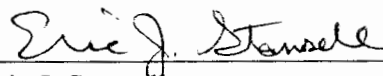
Davy Crockett Tower, Fifth Floor

Nashville, Tennessee 37243

(615) 741-2199

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as Filed has been messenger mailed to Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance, and Don Spann, Chief Examiner, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to The Farmers Union Mutual Fire Insurance Company of Bradley County, 915 25th Street, NW, Cleveland, Tennessee 37364-1016, on this the 1st day of February, 2005.



Eric J. Stansell

Certifying Attorney